




CLOSEOUT AGREEMENT FACE SHEET

Agreement Number: 08-F6401-004CA NEIGHBORHOOD STABILIZATION PROGRAM 1 (NSP1) Washington State Department of Commerce

1. Contractor City of Everett 2930 Wetmore Ave. Everett, WA 98201		2. Contractor Doing Business As (optional) N/A	
3. Contractor Representative (only if updated) Jan Meston Department of Planning and Community Development Phone: 425.257.7164 JMeston@everettwa.gov		4. COMMERCE Representative (only if updated) Genny Matteson 1011 Plum St. SE Program Manager PO Box 42525 Phone: (360) 725-3093 Olympia, WA 98504-2525 Fax: (360) 586-8440 genny.matteson@commerce.wa.gov	
5. Original Grant Amount <p style="text-align: center;">\$546,899.00</p>	6. Final Grant Amount <p style="text-align: center;">\$545,502.85</p>	7. DeObligation <p style="text-align: center;">\$1,396.15</p>	
8. Agreement Funding Source Federal: <input checked="" type="checkbox"/> State: <input type="checkbox"/> Other: <input type="checkbox"/> N/A: <input type="checkbox"/>	9. Agreement Start Date <p style="text-align: center;">Date of Execution</p>		10. Agreement End Date <p style="text-align: center;">2/3/2051</p>
11. Federal Funds (as applicable)		Federal Agency U.S. Department of Housing and Urban Development	
12. Agreement Purpose The purpose of this Closeout Agreement is to certify project completion and to close out the Neighborhood Stabilization Program 1 (NSP1) Agreement Number 08-F6401-004 . This Closeout Agreement shall set out the conditions that the Contractor needs to meet beyond the close out of the NSP1 Agreement Number 08-F6401-004 . COMMERCE, defined as the Department of Commerce, and the Contractor acknowledge and accept the terms of this Closeout Agreement and its Attachments as an amendment to the Agreement Number 08-F6401-004 . They executed this Closeout Agreement on the date of the last signature below (Date of Execution). The rights and obligations of both parties to this Closeout Agreement are governed by this Closeout Agreement and the following other documents incorporated by reference: Attachment A – NSP1 Closeout Performance Report and Attachment B – Program Income Reuse Plan. A copy of this Closeout Agreement shall be attached to and made a part of the original Agreement Number 08-F6401-004 between COMMERCE and the Contractor.		CFDA Number 14.228	
FOR THE CONTRACTOR  Signature Ray Stephanson Print Name Mayor of Everett Title 1-13-2016 Date ATTEST:  City Clerk		FOR COMMERCE  MARK K. BARKLEY Assistant Director, Local Government Division 1-21-2016 Date APPROVED AS TO FORM ONLY This 7 th Day of June, 2012 Signature on File Sandra Adix, Assistant Attorney General	

APPROVED AS TO FORM

CLOSEOUT AGREEMENT TERMS AND CONDITIONS

Agreement Number: 08-F6401-004CA
NEIGHBORHOOD STABILIZATION PROGRAM 1 (NSP1)
Washington State Department of Commerce

The purpose of this Closeout Agreement is to acknowledge that the project has been certified complete and the final grant amount for the Neighborhood Stabilization Program 1 (NSP1) Agreement Number 08-F6401-004 has been adjusted, if necessary, as reflected on the Closeout Agreement Face Sheet.

Washington State Department of Commerce (hereinafter referred to as "COMMERCE"), and the City of Everett (hereinafter referred to as the "Contractor") agree to close-out NSP1 Agreement Number 08-F6401-004 and agree to the following:

1. **PROJECT COMPLETE.** All activities identified in the Statement of Work of NSP1 Agreement Number 08-F6401-004 are complete.
2. **FINAL GRANT AMOUNT.** Any NSP1 funds not disbursed before the date this Closeout Agreement is executed shall be returned to COMMERCE. The final amount of the NSP1 grant shall be five hundred forty-five thousand five hundred two dollars and eighty-five cents (**\$545,502.85**).
3. **NSP1 CLOSEOUT REPORT.** The Contractor submitted to COMMERCE, to COMMERCE's satisfaction, an NSP1 Closeout Performance Report accounting for all the NSP1 activities and beneficiaries resulting from the NSP1 project, herein included as **Attachment A** to this Closeout Agreement.
4. **FINAL PUBLIC HEARING.** On 8/14/2012 the Contractor held a public hearing to solicit public comments and review the performance of the completed NSP1 project, in accordance with 24 CFR 570.486.
5. **SINGLE AUDITS.** If the Contractor expended or accrued \$500,000 or more in federal funds in a fiscal year during the term of NSP1 Agreement Number 08-F6401-004, the Contractor submitted to COMMERCE single audits conducted in accordance with OMB Circular 133 for each applicable year. If any of the Contractor's NSP1 sub-recipients expended or accrued \$500,000 or more in federal funds in a fiscal year during the term of NSP1 Agreement Number 08-F6401-004, the Contractor has reviewed to the Contractor's satisfaction the single audits of such sub-recipient(s), which were conducted in accordance with OMB Circular 133 for each applicable year.
6. **CONTINUED AFFORDABILITY.** The Contractor will ensure the continued affordability of all the properties assisted with NSP1 funds, in accordance with the requirements of 24 CFR 92.252 for rental units and 24 CFR 92.254 for owner-occupied units, and in accordance with NSP1 Agreement Number 08-F6401-004.
7. **ADDITIONAL DATA AND REPORTING.** Should the U.S. Department of Housing and Urban Development (HUD) or COMMERCE request additional information or data about the NSP1 project and/or use of NSP1 funds, the Contractor agrees to provide such information or data within 30 calendar days from the date the Contractor receives the request. If required, the Contractor agrees to

submit to HUD or COMMERCE periodic reports and financial data related to program income and/or revolving loan funds generated from the use of the NSP1 funds, as applicable.

8. **RECORDS RETENTION.** As described in NSP1 Agreement Number 08-F6401-004, the Contractor will retain all records related to the NSP1 project for a period of six (6) years from the date this Closeout Agreement is executed. This includes but is not limited to financial reports, property acquisition documents, rehabilitation or construction related documents. If any litigation, claim or audit is started before the expiration of the six (6) year period, the records shall be retained until all litigation, claims or audit findings involving the records have been resolved.
9. **PROGRAM INCOME REUSE PLAN.** The Contractor submitted to COMMERCE a Program Income Reuse Plan, which was approved by COMMERCE, and which is included as **Attachment B** to this Closeout Agreement.

The Contractor agrees to comply with all applicable federal regulations and requirements for the administration and use of program income, as defined in 24 CFR 570.500(a) and as stipulated in 24 CFR 570.504. All program income received by the Contractor shall be solely used for NSP1 eligible activities, as described in the Statement of Work of NSP1 Agreement Number 08-F6401-004 and in the attached Program Income Reuse Plan. The Contractor agrees that no more than ten percent (10%) of program income received can be used to pay for administrative costs.

At least twenty-five percent (25%) of any program income received by the Contractor or its subrecipients after October 18, 2010, must be used to benefit persons with incomes at or below fifty percent (50%) of the median household income.

The requirements of this section shall survive the termination of this Closeout Agreement. In the event that the Contractor fails to comply with the requirements for the administration and use of program income contained in this Closeout Agreement (including but not limited to the attached Program Income Reuse Plan), in the applicable federal regulations, or in the NSP1 Agreement Number 08-F6401-004, COMMERCE reserves the right to recapture funds in the amount of the non-compliance in addition to any other remedies available at law or in equity.

10. **SURVIVAL.** The terms, conditions, and warranties contained in this Closeout Agreement that by their sense and context are intended to survive the termination of this Closeout Agreement shall so survive.

ATTACHMENT A:
NSP1 CLOSEOUT PERFORMANCE REPORT

Agreement Number: 08-F6401-004CA
NEIGHBORHOOD STABILIZATION PROGRAM 1 (NSP1)
Washington State Department of Commerce



Department of Commerce

Innovation is in our nature.

Neighborhood Stabilization Program 1 (NSP1) Closeout Performance Report for Contract Number 08-F6401-004

1. NSP1 Grantee: City of Everett	2. Address: 2930 Wetmore Ave, Everett, WA 98201
3. NSP1 Project Period: 2/18/2009 to 9/28/2012	4. Date of Final Public Hearing: 8/14/2012
5. Name of Chief Administrative Official: Mayor Ray Stephanson	6. Title of Chief Administrative Official: Mayor

The chief administrative official of the NSP1 grantee jurisdiction certifies that:

- To the best of their knowledge and belief, the data provided in this report is true and correct as of the date of signing below;
- Records supporting the information provided in this report are being maintained for a minimum of six (6) years from the NSP1 project completion date and will be made available upon request;
- The NSP1 project funded by this grant has met the Community Development Block Grant (CDBG) National Objective for NSP, which is benefiting low-, moderate-, and middle-income individuals or families (as defined in FR-5255-N-01).
- Should U.S. Department of Housing and Urban Development or Department of Commerce request additional information or data about this NSP1 project, the NSP1 grantee agrees to provide such information or data within 30 calendar days from the date the NSP1 grantee receives the request.

In the event the audits disclose disallowable costs, the Department of Commerce shall retain the right to recover an appropriate amount after fully considering the recommendations on disallowed costs resulting from the final audit.

Signature:

Ray Stephanson

Chief Administrative Official

Date:

10-9-2012

ATTEST:

Sharon Jull

City Clerk

TABLE OF CONTENTS

TABLE OF CONTENTS.....	2
GENERAL INSTRUCTIONS.....	2
PROJECT SUMMARY.....	3
FINANCIAL SUMMARY & PROPERTY REPORT	4
PROGRAM INCOME REPORT	5
BENEFICIARY SUMMARY REPORT	6
BENEFICIARY SUMMARY INSTRUCTIONS	7
CONTRACT AND SUBCONTRACT ACTIVITY	8
HUD'S "CONTRACT AND SUBCONTRACT ACTIVITY" FORM INSTRUCTIONS.....	9
LABOR STANDARDS COMPLIANCE REPORT	11
STANDARD FORM 425	12

GENERAL INSTRUCTIONS

This Closeout Performance Report is designed to provide a format for the NSP1 grantee to document project completion in compliance with U.S. Department of Housing and Urban Development (HUD) funding requirements and to certify that the NSP1 project was completed in compliance with the NSP1 contract between the NSP1 grantee and Department of Commerce (Commerce).

Cover Page & Certification:

- Items 1, 2, 5, and 6 on the cover page are self-explanatory.
- Item 3: Please enter the time frame of your NSP1 project. The start date is the execution date of your NSP1 contract (the date Commerce signed the contract). The end date is listed on your NSP1 contract cover sheet, or on the most recent amendment. If your project was completed prior to this end date, please enter the **actual** date on which the project was completed.
- Item 4: Please insert the date of the required final public hearing. According to the NSP1 contract (Section 7. Closeout), the NSP1 grantee must hold a final public hearing to review the performance of the NSP1 project.

Project Summary: In 500 words or less, describe your NSP1 project. This summary will help inform the public or the legislature about your NSP1 program.

Financial Summary & Property Report: Please completely fill-out the Excel spreadsheet that was sent to you together with this Closeout Performance Report. For convenience, some columns have instructions: hover over the column headings. When complete, replace page 4 with a printout of the completed Excel spreadsheet. If you are uncertain what data to include, please contact your Commerce project manager.

Program Income Report: Please check one answer on each of the two questions - Yes or No. Please contact your Commerce project manager if you have questions.

Beneficiary Summary Report: This information is required by HUD. Please contact your Commerce project manager if you have questions.

Contract and Subcontract Activity Form and Standard Form 425: These forms are required by HUD and have their own instructions. Please contact your Commerce project manager if you have questions.

Labor Standards Compliance Report: This form must be completed and **SIGNED** for construction projects. Complete this report for your entire NSP1 project. If your NSP1 project did not include construction and you believe that this report is not applicable to your project, please check the appropriate box at the top of the page. Please contact your Commerce project manager if you have questions.

PROJECT SUMMARY

NSP1 Grantee:	City of Everett	Contract #:	08-F6401-004
Name and Phone of Person Completing This Report:	Jan Meston, 425-257-7164	Date:	8/23/2012

Please write a brief summary of your NSP1 program. This summary will help inform the public or legislature about your NSP1 project (e.g., similar to a stand-alone short newspaper article). Please start by describing the "problem" and your need for neighborhood stabilization, and then highlight what was accomplished with the NSP1 grant. It should include at a minimum:

1. the amount of NSP1 funds invested in the project;
2. the amount of other funds invested in this project;
3. the amount of any program income received and invested back into the project;
4. the involvement of any subrecipients/housing organizations/nonprofits/developers;
5. the number of foreclosed or abandoned properties/housing units recovered;
6. the type(s) of assistance provided (downpayment, rehabilitation, construction, etc.);
7. the type of housing provided (resale, rental, public facilities, etc.);
8. the number of low-, moderate-, and middle-income families that benefited from this project.

PROJECT NAME: Everett NSP1 Projects

SUMMARY (max. 500 words or half a page):

This NSPI effort was focused on utilizing vacant foreclosed properties to expand the inventory of properties available at affordable prices to low income homeowners. As implemented by the Everett Housing Authority, the program included two elements. First, two single family homes were purchased with down-payment assistance by eligible families. Should the buyers sell their homes within twenty-five years, the promissory note requires that the NSP funds plus any increased value (appreciation) be repaid at a rate which declines over time. This element of the program was implemented by Parkview Services, a regional non-profit specializing in providing homeownership opportunities for low income and disabled families. One extremely low income family and one low-income family benefitted from this activity.

The second element of the program saw four vacant units purchased by a different local non-profit, Washington Home of Your Own (WAHOYO). On an interim basis, the four units, three condominiums and one house, are being rented to three extremely low income families (incomes under 30% of median). All of the families include disabled individuals. Prior to the end of five years, the homes will be sold to low income purchasers. Program income received will be used to fund additional acquisitions or for purchase assistance.

A total of \$545,503 of NSP funding was used for this effort. An additional \$300,000 in private lending and other assistance was also utilized. It is anticipated that \$462,830 in program income will be returned to the program in the coming years and will be committed to ongoing efforts. No program income has been received yet to be invested back into the project.

PROGRAM INCOME REPORT

NSP1 Grantee:	08-F6401-004	Contract #:	08-F6401-004
Name and Phone of Person Completing This Report:	Jan Meston, 425-257-7164	Date:	8/23/2012

WILL THIS PROJECT GENERATE PROGRAM INCOME IN THE FUTURE? Please check only one: Yes or No. If you checked "Yes," you may be contacted in the future for more information and for reporting on program income generated and expended. The program income generated as a result of this NSP1 project must be managed and expended in accordance with 24 CFR 570.504.	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
WILL PROGRAM INCOME BE PLACED IN AN <u>APPROVED</u> REVOLVING LOAN FUND (RLF)? Please check only one: Yes or No. If you checked "Yes," the RLF must have been approved by Department of Commerce <u>before</u> the completion of this NSP1 project. The RLF must be maintained and managed in accordance with 24 CFR 570.500(b).	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

More information about program income and revolving loan funds:

- 24 CFR 570.504 (Program Income)
- 24 CFR 570.500(b) (Revolving Loan Fund)
- NSP Policy Alert! "Program Income in the Neighborhood Stabilization Program," dated July 13, 2011.

BENEFICIARY SUMMARY REPORT

NSP1 Grantee:	08-F6401-004	Contract #:	08-F6401-004
Name and Phone of Person Completing This Report:	Jan Meston	Date:	8/23/2012

For 1, 2, and 3 below, count persons and ensure that the totals match. For 4 and 5, count households.

NSP Activity Type	Type A	Type B	Type B*	Type D	Type E	Type E*
DRGR Activity Number	n/a	03-8004	04-8004	n/a	n/a	n/a
1. Total Persons Benefiting		4	7			
2. Ethnic Breakdown (persons)						
Hispanic/Latino			2			
Non-Hispanic/Latino		4	5			
Total by Ethnicity		4	7			
3. Racial Breakdown (persons)						
White		4	7			
Black/African American						
Asian						
American Indian/Alaskan Native						
Native Hawaiian/Other Pacific Islander						
American Indian/Alaskan Native and White						
Asian and White						
Black/African American and White						
American Indian/Alaskan Native and Black/African American						
Other Multi-Racial						
Unknown						
Total by Race		4	7			
4. Low, Moderate, Middle Income Breakdown (households)						
Low Income (0-50% AMI)		2	4			
Moderate Income (51-80% AMI)						
Middle Income (81-120% AMI)						
Total LMMI Served		2	4			
5. Group Breakdown (households)						
Female-Headed Households			3			
Disabled/Special Needs Households		2	4			
Homeless Households						
Total Served by Group		2	7			

BENEFICIARY SUMMARY INSTRUCTIONS

HUD requires this information for your NSP1 project.

For 1, 2, and 3 below, count persons and ensure that the totals match. For 4 and 5, count households.

1. Total Persons Benefiting

Enter the total number of persons who benefited from your NSP1 project.

2. Ethnic Background

Every person should be counted as belonging to one of these two groups and everyone should be counted only once. Please note that Hispanic persons may include people from Puerto Rico, the other Caribbean islands, Mexico, Central and South America, and other locations that share a cultural heritage linked to the Spanish language. There are many different ethnic groups, but Hispanic is the only ethnic group being tracked by HUD at this time.

3. Racial Breakdown

A person of Hispanic ethnicity can also be considered as being from any of the racial categories listed in this section. Race is separate from ethnicity and every person (regardless of their ethnicity) should be counted once in a single race or a multi-race group.

4. Low, Moderate, Middle Income Breakdown

Enter the number of low, moderate, middle income households.

5. Group Breakdown

Please provide the number of households that fit within the groups listed.

U.S. Department of Housing and Urban Development

OMB Approval No.: 2535-0117 (exp. 1/31/2013)

Executive Order 12421 dated July 14, 1993, directs the Minority Business Development Plans shall be developed by each Federal Agency and that these annual plans shall establish minority business development objectives. The information is used by HUD to monitor and evaluate MBE activities against the total program activity and the designated minority business enterprise (MBE) goals. The Department requires the information to provide guidance and oversight for programs for the development of minority business enterprise concerning Minority Business Development. If the information is not collected HUD would not be able to establish meaningful MBE goals nor evaluate MBE performance against these goals. While no assurances of confidentiality is pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information request.

Privacy Act Notice - The United States Department of Housing and Urban Development, Federal Housing Administration, is authorized to solicit the information requested in this form by virtue of Title 12, United States Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. It will not be disclosed or released outside the United States Department of Housing and Urban Development without your consent, except as required or permitted by law.

[illegible]

OMB Approval No.: 2535-0117 (exp. 1/31/2013)

Privacy Act Notice - The United States Department of Housing and Urban Development, Federal Housing Administration, is authorized to solicit the information requested in this form by virtue of Title 12, United States Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. It will not be disclosed or released outside the United States Department of Housing and Urban Development without your consent, except as required or permitted by law.

[illegible]

HUD'S "CONTRACT AND SUBCONTRACT ACTIVITY" FORM INSTRUCTIONS

This report is to be completed by grantees, developers, sponsors, builders, agencies, and/or project owners for reporting contract and subcontract activities of \$10,000 or more under the following programs: Community Development Block Grants (entitlement and small cities); Urban Development Action Grants; Housing Development Grants; Multifamily Insured and Noninsured; Public and Indian Housing Authorities; and contracts entered into by recipients of CDBG rehabilitation assistance.

Contracts/subcontracts of less than \$10,000 need be reported only if such contracts represent a significant portion of your total contracting activity. Include only contracts executed during this reporting period.

This form has been modified to capture Section 3 contract data in columns 7g and 7i. Section 3 requires that the employment and other economic opportunities generated by HUD financial assistance for housing and community development programs shall, to the greatest extent feasible, be directed toward low- and very low-income persons, particularly those who are recipients of government assistance for housing. Recipients using this form to report Section 3 contract data must also use Part I of form HUD- 60002 to report employment and training opportunities data. Form HUD- 2516 is to be completed for public and Indian housing and most community development programs. Form HUD-60002 is to be completed by all other HUD programs including State administered community development programs covered under Section 3.

A Section 3 contractor/subcontractor is a business concern that provides economic opportunities to low- and very low-income residents of the metropolitan area (or nonmetropolitan county), including a business concern that is 51 percent or more owned by low- or very low-income residents; employs a substantial number of low- or very low-income residents; or provides subcontracting or business development opportunities to businesses owned by low- or very low-income residents. Low- and very low-income residents include participants in Youthbuild programs established under Subtitle D of Title IV of the Cranston-Gonzalez National Affordable Housing Act.

The terms "low-income persons" and "very low-income persons" have the same meanings given the terms in section 3(b)(2) of the United States Housing Act of 1937. Low-income persons mean families (including single persons) whose incomes do not exceed 80 per centum of the median income for the area, as determined by the Secretary, with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80 per centum of the median for the area on the basis of the Secretary's findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low-income families. Very low-income persons means low-income families (including single persons) whose incomes do not exceed 50 per centum of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 50 per centum of the median for the area on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes.

Submit two (2) copies of this report to your local HUD Office within ten (10) days after the end of the reporting period you checked in item 4 on the front.

Complete item 7h. only once for each contractor/subcontractor on each semi-annual report.

Enter the prime contractor's ID in item 7f. for all contracts and subcontracts. Include only contracts executed during this reporting period. PHAs/IHAs are to report all contracts/subcontracts.

Community Development Programs

1. Grantee: Enter the name of the unit of government submitting this report.

3. Contact Person: Enter name and phone of person responsible for maintaining and submitting contract/subcontract data.

7a. Grant Number: Enter the HUD Community Development Block Grant Identification Number (with dashes). For example: B-32-MC-25-0034. For Entitlement Programs and Small City multi-year comprehensive programs, enter the latest approved grant number.

7b. Amount of Contract/Subcontract: Enter the dollar amount rounded to the nearest dollar. If subcontractor ID number is provided in 7f, the dollar figure would be for the subcontract only and not for the prime contract.

7c. Type of Trade: Enter the numeric codes which best indicates the contractor's/ subcontractor's service. If subcontractor ID number is provided in 7f., the type of trade code would be for the subcontractor only and not for the prime contractor. The "other" category includes supply, professional services and all other activities except construction and education/training activities.

7d. Business Racial/Ethnic/Gender Code: Enter the numeric code which indicates the racial/ethnic /gender character of the owner(s) and controller(s) of 51% of the business. When 51% or more is not owned and controlled by any single racial/ethnic/gender category, enter the code which seems most appropriate. If the subcontractor ID number is provided, the code would apply to the subcontractor and not to the prime contractor.

7e. Woman Owned Business: Enter Yes or No.

7f. Contractor Identification (ID) Number: Enter the Employer (IRS) Number of the Prime Contractor as the unique identifier for prime recipient of HUD funds. Note that the Employer (IRS) Number must be provided for each contract/subcontract awarded.

7g. Section 3 Contractor: Enter Yes or No.

7h. Subcontractor Identification (ID) Number: Enter the Employer (IRS) Number of the subcontractor as the unique identifier for each subcontract awarded from HUD funds. When the subcontractor ID Number is provided, the respective Prime Contractor ID Number must also be provided.

7i. Section 3 Contractor: Enter Yes or No.

7j. Contractor/Subcontractor Name and Address: Enter this information for each firm receiving contract/subcontract activity only one time on each report for each firm.

Multifamily Housing Programs

1. Grantee/Project Owner: Enter the name of the unit of government, agency or mortgagor entity submitting this report.

3. Contact Person: Same as item 3 under CPD Programs.

4. Reporting Period: Check only one period.

5. Program Code: Enter the appropriate program code.

7a. Grant/Project Number: Enter the HUD Project Number or Housing Development Grant or number assigned.

7b. Amount of Contract/Subcontract: Same as item 7b. under CPD Programs.

7c. Type of Trade: Same as item 7c. under CPD Programs.

7d. Business Racial/Ethnic/Gender Code: Same as item 7d. under CPD Programs.

7e. Woman Owned Business: Enter Yes or No.

7f. Contractor Identification (ID) Number: Same as item 7f. under CPD Programs.

7g. Section 3 Contractor: Enter Yes or No.

7h. Subcontractor Identification (ID) Number: Same as item 7h. under CPD Programs.

7i. Section 3 Contractor: Enter Yes or No.

7j. Contractor/Subcontractor Name and Address: Same as item 7j. under CPD Programs.

Public Housing and Indian Housing Programs

PHAs/IHAs are to report all contracts/subcontracts. Include only contracts executed during this reporting period.

1. Project Owner: Enter the name of the unit of government, agency or mortgagor entity submitting this report. Check box as appropriate.

3. Contact Person: Same as item 3 under CPD Programs.

4. Reporting Period: Check only one period.

5. Program Code: Enter the appropriate program code.

7a. Grant/Project Number: Enter the HUD Project Number or Housing Development Grant or number assigned.

7b. Amount of Contract/Subcontract: Same as item 7b. under CPD Programs.

7c. Type of Trade: Same as item 7c. under CPD Programs.

7d. Business Racial/Ethnic/Gender Code: Same as item 7d. under CPD Programs.

7e. Woman Owned Business: Enter Yes or No.

7f. Contractor Identification (ID) Number: Same as item 7f. under CPD Programs.

7g. Section 3 Contractor: Enter Yes or No.

7h. Subcontractor Identification (ID) Number: Same as item 7h. under CPD Programs.

7i. Section 3 Contractor: Enter Yes or No.

7j. Contractor/Subcontractor Name and Address: Same as item 7j. under CPD Programs.

LABOR STANDARDS COMPLIANCE REPORT

☒ NSP1 grantee certifies that federal labor standards do not apply to this NSP1 project
(the project did not include construction work or construction contracts in excess of \$2,000,
OR the project involved rehabilitation of residential property containing fewer than 8 housing units)

This Form Must Be Used for Restitution (Underpayments) of \$.00 to \$999.99

(See Federal Labor Standards Handbook 1344.1, Paragraph g., page 3-15, for amounts totaling \$1,000 or more)

Agency Name and Address: <u>City of Everett, 2930 Wetmore Ave, Everett, WA 98201</u>			
Description of Work: _____			
HUD Program or Source of Funds: NSP1		Contract #: <u>08-F6401-004</u>	
Prime Contractor: _____		Contract Amount: \$ _____	
Pre-Construction Conference Date: _____		Location: _____	
Federal Labor Standards Provisions Included in Specs: _____		http://www.hud.gov/offices/adm/hudclips/forms/files/4010.pdf	
Wage Determination Included in the Specs: _____		Number: _____	
Number of Modifications: _____			
Are Contractor(s) Payroll Certifications Submissions Current & Complete? _____			
Number of Construction Wage Interviews (HUD -11) Completed: _____			
Number of Trades Interviewed: _____			
Were Any Violations Discovered and Resolved? _____		Number: _____	
Number of Employees Involved: _____		Number of Subs Involved: _____	
Total Amount of Underpayments: \$ _____		Contract Work Hours & Safety Standards Act (overtime underpayments): _____	
Briefly Describe Any Labor Standards Complaints & Resolutions: _____			
Is any contractor retainage held at this time? _____		Amount: \$ _____	
SUBCONTRACTOR(S) WHO WORKED ON THIS PROJECT			
Name	Address	Contract Amount	Type of Work
_____	_____	\$ _____	_____
_____	_____	\$ _____	_____
_____	_____	\$ _____	_____
_____	_____	\$ _____	_____
Note: Please attach more pages, if needed, for any additional information.			
I CERTIFY TO THE BEST OF MY KNOWLEDGE THAT ALL LABORERS AND MECHANICS EMPLOYED ON THIS CONSTRUCTION CONTRACT WERE PAID IN ACCORDANCE WITH THE LABOR PROVISIONS, EXCEPT AS NOTED. THERE ARE NO OUTSTANDING OR UNRESOLVED LABOR STANDARDS, UNDERPAYMENTS, COMPLAINTS, OR DISPUTES.			
Signature: <u>Jan Meston</u>		Name: <u>Jan Meston</u>	
Date: <u>10/24/12</u>		Title: <u>Community Development Specialist</u>	

RECEIVED

OCT 25 2012

STANDARD FORM 425

FEDERAL FINANCIAL REPORT

(Follow form instructions)

1. Federal Agency and Organizational Element to Which Report is Submitted HUD via WA State Dept. of Commerce		2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment) 08 - FG401 - 004		Page 1	of 1		
3. Recipient Organization (Name and complete address including Zip code): City of Everett, 2930 Wetmore Ave., Suite 8A, Everett, WA 98201							
4a. DUNS Number 608909156	4b. EIN 91-6001248	5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment) N/A	6. Report Type <input type="checkbox"/> Quarterly <input type="checkbox"/> Semi-Annual <input type="checkbox"/> Annual <input checked="" type="checkbox"/> Final	7. Basis of Accounting: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual			
8. Project/Grant Period From: (Month, Day, Year): 2/18/2009		To: (Month, Day, Year): 12/12/2012		9. Reporting Period End Date (Month, Day, Year): 12/12/2012			
10. Transactions (Use lines a-c for single or multiple grant reporting)				Cumulative			
Federal Cash (To report multiple grants, also use FFR Attachment):							
a. Cash Receipts:				545,502.85			
b. Cash Disbursements				545,502.85			
c. Cash on Hand (line a minus b)				0			
Federal Expenditures and Unobligated Balance:							
d. Total Federal funds authorized				546,899.00			
e. Federal share of expenditures				545,502.85			
f. Federal share of unliquidated obligations				1,396.18			
g. Total Federal share (sum of lines e and f)				546,899.00			
h. Unobligated balance of Federal funds (line d minus g)				0			
Recipient Share:							
i. Total recipient share required				0			
j. Recipient share of expenditures				0			
k. Remaining recipient share to be provided (line i minus j)				0			
Program Income:							
l. Total Federal program income earned				0			
m. Program income expended in accordance with the deduction alternative				0			
n. Program income expended in accordance with the addition alternative				0			
o. Unexpended program income (line l minus line m or line n)				0			
11. Indirect Expense:							
	a. Type	b. Rate	c. Period From	Period To	d. Base	e. Amount Charged	f. Federal Share
				g. Totals:			
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation:							
13. Certification: By signing this report, I certify that it is true, complete, and accurate to the best of my knowledge. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 18, Section 1001)							
a. Typed or Printed Name and Title of Authorized Certifying Official Jan Meston Community Development Specialist						c. Telephone (Area code, number and extension) d. Email address:	
b. Signature of Authorized Certifying Official Jan Meston						e. Date Report Submitted (Month, Day, Year)	
14. Agency use only:							

Standard Form 425
OMB Approval Number: 0348-0061
Expiration Date: 10/31/2011

Paperwork Burden Statement

According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is 0348-0061. Public reporting burden for this collection of information is estimated to average 1.5 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0060), Washington, DC 20503.

ATTACHMENT B:
PROGRAM INCOME REUSE PLAN

Agreement Number: 08-F6401-004CA
NEIGHBORHOOD STABILIZATION PROGRAM 1 (NSP1)
Washington State Department of Commerce

Attachment B
NEIGHBORHOOD STABILIZATION PROGRAM
PROGRAM INCOME REUSE PLAN

Contractor Name	City of Everett
Contractor Address	2930 Wetmore Ave, Everett, WA 98201
Contractor Telephone #	(425) 257-8736
Closeout Agreement #	08-F6401-004CA

This Program Income Reuse Plan establishes guidelines regarding policies and procedures to administer and use program income received through activities funded by the Neighborhood Stabilization Program (NSP). In this Plan, the City of Everett will detail to the Washington State Department of Commerce or "Commerce" how it plans to reuse any program income that it earns.

Need for Plan Governing Reuse of NSP Program Income

NSP is authorized under Title III of Division B of the Housing and Economic Recovery Act of 2008 (HERA). It falls under the heading of the Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes. HERA states that grants funded by NSP are considered Community Development Block Grant (CDBG) funds.

This Program Income Reuse Plan is intended to satisfy the requirements specified in federal statute and regulation at Section 104(j) of the Housing and Community Development Act ("the Act"), as amended in 1992 and 24 Code of Federal Regulations (CFR) 570.489 (e)(3) and of Title III of Division B of HERA. These statutory and regulatory sections permit Everett to retain for reuse, NSP program income generated by eligible NSP activities pursuant to HERA. The eligible NSP activities shall benefit low-, moderate-, or middle-income (LMMI) individuals and families, and be limited to the following activities:

- Establish financing mechanisms for purchase and redevelopment of foreclosed-upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers.
- Purchase and rehabilitate abandoned or foreclosed residential properties in order to sell, rent, or redevelop such homes and properties.
- Demolish blighted structures.
- Redevelop demolished or vacant properties.

Note: At least twenty-five percent (25%) of any program income received by Everett or its subrecipient must be used to benefit persons with incomes at or below fifty percent (50%) of median household income.

Program Income Defined

Federal regulation 24 CFR 570.500(a) defines NSP program income. It states program income is the gross income directly generated from the use of NSP funds. Examples of program income include:

- payments of principal and interest on loans made using NSP funds,
- income (net of costs that are incidental to the generation of the income) from the sale or rental of real property that has been acquired, constructed or improved with NSP funds and that is owned (in whole or in part) by the participating jurisdiction or subrecipient.

General Administration (GA) Cost Limitation

Everett may use up to ten percent (10%) of NSP program income received for general administrative costs.

Cash Management

The accounting and financial management system used to manage program income must comply with generally accepted accounting principles. Accounting procedures must demonstrate that Everett used NSP program income solely for NSP eligible activities. The annual financial statements must present the financial position of the program income account and the results of its operations.

Note: Program income account balances must be held in a non-interest bearing account.

Reporting

Subrecipients will submit to Commerce an annual Program Income Report (for the calendar year) by January 22th of the following year (unless otherwise directed by Commerce). This Report will detail program income revenues and expenditures. Commerce will incorporate this program income information into the State's Annual Program Income report.

Federal Overlay Compliance

Everett must ensure that the use of NSP program income complies with all federal overlay requirements including, but not limited to:

- citizen participation
- environmental review
- equal opportunity
- Section 3 employment
- lead-based paint
- labor standards
- acquisition and relocation
- procurement
- continued affordability
- maintenance of adequate accounting & recordkeeping systems

Subrecipient and Subgrantee Agreements

The City of Everett partnered with the Everett Housing Authority (EHA) through a subrecipient agreement to implement its NSP program. EHA in turn contracted with 2 local non-profits, Parkview Services for down payment assistance to low income families and WA Home of Your Own (WAHOYO) to recover foreclosed properties that are now being rented to low income families (<50%MHI).

If Everett allows EHA to retain use of program income, Everett will ensure that EHA follows all NSP requirements. If EHA allows any of the non-profits to retain use of program income, the EHA must ensure that the non-profits follow all NSP requirements.

EHA and WAHOYO

EHA has an agreement with WAHOYO. This agreement details how EHA and WAHOYO will administer any program income earned from the rental or sale of the NSP properties. WAHOYO may retain any revenue/program income it receives from renting the NSP properties so long as the rental income is treated as additional NSP funds that may only be used to benefit NSP properties. The rental income shall also be subject to all applicable requirements/regulations governing use of NSP funds.

WAHOYO shall provide EHA an annual report detailing rental revenue generated from the NSP properties and maintenance and operation costs of renting those properties. This report shall be filed regardless of whether there is net revenue/program income generated by the NSP properties. This report shall be due on January 22 of each year.

EHA and Parkview Services

EHA has an agreement with Parkview Services where Parkview provided down payment assistance to NSP eligible homebuyers. Parkview shall deliver to EHA, on a quarterly basis, all NSP payments made by the homebuyer in repayment of the NSP assistance.

These two agreements, between EHA and the nonprofits, detail annual reporting requirements. The City of Everett must then ensure that EHA reports annually on program income to them, in order that Everett can annually report to Commerce. Both agreements with the non-profits require that any unused program income be returned to EHA. **EHA is required to report on program income at the end of each calendar year to the Contractor.**

Program income earned annually should be minimal. WAHOYO purchased and rents 4 homes to very low income families. Rental payments may result in some program income, after costs are netted out, but it should be minimal. Parkview Services provided down payment assistance loans to 2 homebuyers. Program income will be earned only when one of these houses sells. One of these houses has been sold and program income from that sale has been returned to Everett. That program income will be allocated in accordance with the following paragraph.

Allocating program income. When the City of Everett accrues sufficient program income to complete a project, eligible for NSP funds, the City will allocate this NSP program income as

part of its annual allocation and citizen participation process for other funds including CDBG, HOME, and State 2060 AFTH funds. Everett opens its grant application process in December each year. Everett has a Citizens Advisory Committee for Housing and Community Development which reviews the grant applications during February and makes a funding recommendation to City Council. City Council makes the final funding decision. Applications will be solicited for **NSP-eligible projects** to utilize these NSP program income funds. The decisions on what projects to fund will be established as part of this process and will depend on the need at the time and the NSP funds available. **All new projects funded with NSP program income will follow applicable NSP rules and regulations.**

Reporting

Everett will send Commerce an annual Program Income Report that will be due by January 15th of the following year (unless otherwise directed by Commerce). This Report will detail program income revenues and expenditures. Commerce will incorporate this program income information into the State's Annual Program Income report.

Revising This Plan

The City of Everett has the authority to revise this document with a properly noticed Council/Board public hearing, board resolution, and acceptance by Commerce. Everett must send any proposed revisions to this Program Income Reuse Plan to Commerce for review and approval. Then Everett's governing board must approve the revised plan. They will need to conduct a public hearing prior to adopting it. Proof of publishing a public hearing notice, along with a copy of the resolution or ordinance showing the adoption of the revised plan, must be submitted to Commerce.

Ray Stephenson 1-13-2016
SIGNATURE OF CERTIFYING OFFICIAL: Date
Mayor, City of Everett
TITLE OF CERTIFYING OFFICIAL:

Accepted and Certified:

Mark K. Barkley 1-21-2016
MARK K. BARKLEY, Date
Assistant Director, Local Government Division

APPROVED AS TO FORM

James D. Iles
JAMES D. ILES, City Attorney

ATTEST:

Sharon Jule
City Clerk



Neighborhood Stabilization Program (NSP)

Guidelines for Program Income and Revolving Loan Funds

Edition Date: January, 2013

Many of Washington's NSP Subrecipients generate Program Income. With just a few exceptions, these Subrecipients will retain their NSP Program Income, even after their grant agreements with the Washington State Department of Commerce are closed out. The use of this Program Income must comply with NSP and CDBG regulations. These guidelines document and address some unique issues or questions pertaining to NSP Program Income.

The guidelines include:

1.	Definition of Key Terms.....	1
2.	HUD Guidance on Program Income.....	2
3.	Continued Affordability Requirements	2
4.	Program Income Prior to Grant Closeout	2
5.	Program Income After Grant Closeout.....	2
6.	Examples of NSP Program Income	3
7.	Rental Income from NSP Properties.....	3
8.	Using NSP to Make Loan Payments.....	4
9.	The NSP Closeout Agreement.....	4
10.	Reversion of Assets	5
11.	Program Income Reuse Plan.....	5
12.	Revolving Loan Fund (RLF) Administration Plan	6
13.	Non-Subrecipient Administration of RLFs.....	7
14.	Accounting Standards and Financial Statements.....	8
15.	Revisions	8
16.	Reporting to Commerce and/or HUD	8

1. Definition of Key Terms

Commerce: State of Washington's Department of Commerce, which is the direct recipient of the NSP grant from HUD.

NSP Subrecipient or Subrecipient: Local jurisdictions awarded an NSP grant from Commerce.

Responsible Organizations: Non-profit organizations who received NSP funds from NSP Subrecipients to help them implement their NSP programs.

Developers: An entity receiving NSP assistance, through a “developer’s agreement”, to acquire and rehabilitate/redevelop properties for resale or rentals. The developer must demonstrate ownership or control of the property

Program Income: Income received by the Subrecipient or Responsible Organization directly generated from the use of NSP funds.

2. HUD Guidance on Program Income

HUD issued an NSP Policy Alert on Program Income on July 13, 2011. Other relevant regulatory citations include:

- 24 CFR 570.500: Definitions.
- 24 CFR 570.504: Program Income.
- 24 CFR 570.504(c): Disposition of Program Income Received by Subrecipients.
- 24 CFR 570.509: Grant Closeout Procedures.
- 24 CFR Part 570: Administrative Rule changes dates April 16, 2012.

3. Continued Affordability Requirements

Subrecipients **must** ensure the **continued affordability** of all the properties assisted with NSP funds or with Program Income generated by NSP funds, in accordance with the requirements of 24 CFR 92.252 for rental units and 24 CFR 92.254 for owner-occupied units.

4. Program Income Prior to Grant Closeout

During the term of their NSP grant agreement, Subrecipients use Program Income for NSP eligible activities. They must follow all NSP/CDBG requirements such as environmental, fair housing, affordability, labor laws, NSP purchase price discounts, appraisals, and homeownership counseling. Subrecipients must document the receipt and use of Program Income. Unless they deposit the funds into a revolving loan fund (RLF) approved by Commerce, Subrecipients **must** spend Program Income first before drawing down any more NSP grant funds.

At least 25 percent of any Program Income received after October 18, 2010, MUST be used to benefit persons with incomes at or below 50 percent of the median household income (see HUD’s NSP Policy Alert dated September 1, 2011).

5. Program Income After Grant Closeout

Upon the completion and closeout of their NSP grant agreement, Subrecipients must document any Program Income generated by their NSP activities. They will treat it like NSP/CDBG funds subject to all applicable state and federal requirements governing the use of NSP and CDBG funds.

A written NSP Closeout Agreement between Commerce and the Subrecipient will specify how the Subrecipient will use its Program Income after the grant closeout (see Section 11 and 12 below). This NSP Closeout Agreement will close their existing NSP grant agreement.

Subrecipients may use up to 10% of Program Income received for eligible NSP administrative purposes.

HUD issued Federal Guidance on NSP Closeout. This guidance requires that if a Subrecipient earns over \$250,000 annually in Program Income, then 25% MUST be used to benefit persons with incomes at or below 50 percent of the median household income (see HUD's Federal Register, Vol. 77, No. 228, dated November 27, 2012).

6. Examples of NSP Program Income

Common sources of NSP Program Income are:

- Proceeds from the sale of properties acquired and/or improved with NSP funds.
- Gross income from the use or rental of real property constructed or improved with NSP funds, less the costs incidental to the generation of that income.
- Payments of principal and/or interest on loans made with NSP funds (including Habitat for Humanity loans and recovery of deferred loans).
- Recapture of NSP subsidies if an assisted home is sold before the end of the affordability period.
- Interest earned on loans made with NSP funds.
- Repayments of liens placed on privately owned property when blighted buildings were demolished and cleaned up using NSP funds.

The following revenues are NOT Program Income:

- Funds collected through special assessments on public improvements (e.g., local improvement districts created to fund infrastructure improvements in subdivisions purchased with NSP funds).
- Program Income (NSP & CDBG) received in a single calendar year by the Subrecipient and all its Responsible Organizations (combined) if the total amount of such income does not exceed **\$25,000**.
- Interest earned on cash advances from Commerce or funds held in a Program Income or RLF account (except for funds in approved lump-sum drawdown accounts). These interest earnings must be remitted to HUD for transmittal to the U.S. Treasury.
- Revenues earned by "developers" of NSP-assisted properties. Subrecipients must implement mechanisms that prevent undue enrichment of their Responsible Organizations.

7. Program Income from NSP Rental Properties

Some NSP Subrecipients and their Responsible Organizations used their NSP funds to purchase and rehabilitate rental properties. Program Income includes rental income from properties acquired using NSP funds.

Program Income from rental properties refers to rental receipts less costs necessary to generate that income. In other words, Program Income for rental properties corresponds to the calculation of net operating income (NOI). NOI for rental properties is the difference between the total rent collected and the operational costs such as maintenance, insurance, utilities, management fees, etc.

Calculation of Program Income should include all rental properties. If a Subrecipient, or their Responsible Organizations, has more than one rental property, then the calculation of program income must include the combined total of all the properties. (In addition, the Subrecipient must add this combined total of Program Income to the any other Program Income earned from CDBG funded projects.)

8. Using NSP Program Income to Make Loan Payments

The calculation of rental income is calculated prior to debt service payments. HUD allows the use of Program Income to be applied to debt service under the following conditions:

- Private loans were used solely to finance the costs of the approved NSP project and were made at the same time as the NSP loan (i.e., was not an existing mortgage).
- The private loan was made by an external lender (not the Subrecipient).
- Loan proceeds were used in accordance with all applicable NSP requirements (e.g., environmental review, labor standards, price discounts, appraisals, homeownership counseling, etc.).
- Use of the Program Income for debt service payments was contemplated (as evidenced in a written budget) when the NSP project was approved by Commerce.

9. NSP Closeout Agreement

At the end of the NSP program, the Subrecipient and Commerce will execute an NSP Closeout Agreement. The NSP Closeout Agreement, which closes the original NSP Agreement, will include provisions addressing each of the following:

- Identification of any closeout costs or contingent liabilities subject to payment with NSP funds after grant closeout.
- Identification of any unused grant funds that revert to Commerce.
- Identification of any Program Income at the time of the NSP Closeout Agreement.
- Description of the Subrecipients' responsibility after closeout for:
 - Compliance with all program requirements, certifications and assurances in using Program Income and in using any other remaining NSP funds available for closeout costs and contingent liabilities;
 - Use of real property assisted with NSP funds in accordance with the principles described in 24 CFR 570.505;
 - Compliance with the affordability requirement stipulated in 24 CFR 92.252 for rental housing units or 24 CFR 92.254 for owner-occupied housing units;
 - Compliance with requirements governing Program Income received subsequent to grant closeout, as described in 24 CFR 570.504(b)(4) and (5); and

- Ensuring that flood insurance coverage for affected property owners is maintained for the mandatory period.
- Federal Financial Report / Settlement Statement: Contractors must submit a Federal Financial Report using a Standard Form 425 (SF-425). This report reflects the cumulative actual federal monies and unliquidated obligations incurred, local matching contributions, and the unobligated balance of federal funds.

10. Reversion of Assets

Real property acquired or improved, in whole or in part, with NSP funds must meet one of the CDBG national objectives for ten (10) years after the NSP grant closeout. Any exceptions need to be addressed and approved in the NSP Closeout Agreement.

The sale of real property acquired or improved, in whole or part, with NSP funds must comply with the requirements of Public Law 110-289, Housing and Recovery Act of 2008 (HERA), section 2301, which includes but is not limited to:

- Section 2301(d)(1) current market appraisal requirements to determine the statutory purchase discount and to ensure purchasers are paying below-market value for the home or property.
- Section 2302(d)(3) sale amount restrictions for any abandoned or foreclosed upon home or residential property purchased, redeveloped, or otherwise sold to an individual as a primary residence to an amount equal to or less than the cost to acquire and redevelop or rehabilitate such home or property up to a decent, safe, and habitable condition.
- Section 2301(f)(3) affordability requirements as stipulated in 24 CFR 92.252 for rental housing units or 24 CFR 92.254 for owner-occupied housing units or for a longer period of time if practicable.
- Environmental review according to 24 CFR 58.

11. Program Income Reuse Plan

A Program Income Reuse Plan governs the Subrecipient's continuing use of Program Income. It identifies all proposed uses of Program Income. The Program Income Reuse Plan needs to indicate the Subrecipient's compliance with all applicable NSP program requirements. These include but are not limited to the following: environmental requirements; procurement; Section 3 employment; prevailing wage rates and labor standards; acquisition and relocation requirements; housing quality standards; NSP national objective requirements; continued affordability; citizen participation; equal employment opportunity, financial audits, and annual reporting.

The Program Income Reuse Plan will become part of the NSP Closeout Agreement. Commerce closes the original NSP grant upon satisfactory completion of the terms and conditions of the grant agreement. However, federal statute requires Commerce to track Program Income after the grant closeout. To that end, the Program Income Reuse Plan satisfies the federal requirement that Subrecipients obtain Commerce's advance approval of a local plan administering and reusing Program Income.

12. Revolving Loan Fund (RLF) Administration Plan

If the Subrecipient plans to create and operate an RLF, an RLF Administration Plan will become part of the NSP Closeout Agreement. This RLF Administration Plan authorizes the Subrecipient to establish and operate the RLF.

In accordance with 24 CFR 570.500(b), the RLF refers to a separate fund from any other NSP funds. It has its own set of accounts that are independent of other program accounts. The Subrecipient's audited financial statement will present the RLF account separately from other funds.

Once approved by Commerce, the RLF Administration Plan needs to have a specific term – typically five years. During this time, the Subrecipient must demonstrate it has the capacity to administer and implement the RLF activities. Otherwise, the Program Income generated by NSP-funded activities may revert back to Commerce.

The Subrecipient's RLF must carry out specific revenue-generating activities. It is initially capitalized with Program Income received from the use of NSP grant funds, e.g., the sale of property. The RLF is a fund from which moneys are continuously expended, replenished, and again expended for the same activity.

RLF Administration Plan Contents

To assist NSP Subrecipients, Commerce has identified the primary elements which generally make up an RLF Administration Plan. These elements provide only a general framework to help the Subrecipient develop the RLF Administration Plan. The Subrecipient is encouraged to add their own information and details about how the RLF will be used and managed. However, the following topics must be included, at a minimum:

- A. Goals and Objectives: Develop a clear set of goals and objectives, which articulate in quantifiable terms, the purpose of the RLF and how Program Income will be reused. The purpose of the RLF would reflect the economic conditions and opportunities in the community that the RLF will address.
- B. Compliance with applicable NSP and CDBG Requirements. Indicate compliance with all the applicable NSP and CDBG provisions of the statutes, rules, regulations, and guidelines. These include but are not limited to the following: environmental requirements; procurement; Section 3 employment; prevailing wage rates and labor standards; acquisition and relocation requirements; housing quality standards; national objective requirements; continued affordability; citizen participation; and equal employment opportunity.
- C. Eligible Activities: Describe the specific eligible activities that the RLF will fund. Show how they relate to the community's problems or needs **AND** to the goals and objectives of the RLF. Ensure that the eligible activities meet all NSP and CDBG requirements.
- D. Eligible Applicants: Establish criteria for eligibility of applicants for the RLF. Limited RLF resources may necessitate the targeting of loans. Targeting of loans might include a specific area of need; geographic area of discrimination in lending; existing businesses versus start-up businesses; addressing specific industries affected by lending patterns; addressing discrimination against women and minorities in lending; etc.

- E. Eligible Types of Financial Assistance: Establish what types of financial assistance (loans) are to be funded, e.g., amortized loans, deferred loans, 100% financing versus public or private partnerships, etc.
- F. Financing Policies: Establish any minimum or maximum dollar amount of financial assistance. Include terms and rates of interest for the repayment. Include policies for restructuring loans or modifying terms, along with any other financing policies required. Quantify acceptable levels of risk.
- G. Loan Review, Selection, and Approval (if applicable): Create a process for “advertising” the RLF to the public. Establish criteria and procedures for review and approval of loan applications. Establish a loan review committee whose purpose is to make recommendations to the governing body. Ideally, its membership would include private sector finance professionals.
- H. Loan Security (if applicable): Secure each amortized real property loan by trust indenture, and secure each deferred real property loan that provides a contingency for repayment, by lien. Require each borrower, where appropriate, to protect the NSP Subrecipient against insurable risks. A copy of each policy underwritten should be filed with the RLF administrator.
- I. Loan Servicing (if applicable): Establish policies and procedures for loan repayments, loan delinquencies, loan defaults, and loan monitoring, and designate who will be responsible for carrying out each of these functions.
- J. Recapitalization Strategy: If needed, develop a recapitalization strategy and identify which other financial resources might be used to recapitalize or supplement the RLF.
- K. Internal Control: Identify the internal control system which will be put in place to ensure that the RLF is managed according to the RLF Administration Plan. The objectives of internal control should be to provide the RLF administrator (and the NSP Subrecipient) with reasonable assurance that the RLF assets are safeguarded against loss and that all RLF transactions are executed in accordance with the approved RLF Administration Plan.
- L. Public Participation and Information: Identify the RLF’s program reporting and public participation process. For CDBG entitlement jurisdictions, this process must comply with the “Public Participation Plan” stipulated in the jurisdiction’s CDBG Consolidated Plan.

13. Non-Subrecipient Administration of Program Income or RLFs

The Subrecipient may contract with a non-profit organization (the responsible organization that administered the NSP project for instance) or a financial institution to administer any Program Income or RLFs, subject to Commerce’s approval. However, the ownership of and ultimate responsibility for the Program Income or RLF must remain with the Subrecipient. A written agreement must exist between the Subrecipient and non-profit organization. This Agreement must remain in effect during any period that the Program Income or RLF administrator has responsibility for Program Income or RLF program activity.

Minimum provisions in this Agreement are:

1. Statement of work to be performed including a timeline;
2. Records and reports to be maintained;
3. Requirements for how Program Income and the RLF are to be managed;

4. Applicability of Federal Circulars and other such requirements;
5. Provision for termination of the agreement; and
6. A policy on reversion of assets at termination.

The NSP Subrecipient must maintain accounting oversight, including an annual audit of the RLF. Copies of such audit(s) and any reports must be submitted to Commerce.

Regardless of who is administering the Program Income or RLF, a written Administration Plan needs to be approved by Commerce and incorporated in the NSP Closeout Agreement.

14. Accounting Standards and Financial Statements

The accounting and financial management system used to manage Program Income and RLFs must comply with generally accepted accounting principles.

Subrecipients must be able to demonstrate that Program Income or funds received into the RLF are used solely for NSP eligible activities. The financial position of all Program Income or RLF proceeds must be included in the Subrecipients' annual audit (unless the RLF is managed by another organization on behalf of the Subrecipient). The annual financial statements must present the financial position of Program Income or the RLF and results of their operations.

Any Program Income or the cash balance of the RLF must held in an interest-bearing account. And any interest earned on these cash balances must be remitted at least annually to HUD.

15. Revisions

Subrecipients must send any revisions of either their Program Income Reuse Plans or RLF Administration Plan to Commerce for review and approval. The jurisdictions' governing board must approve the revised plan(s). They must to conduct a public hearing prior to adopting it if the proposed changes could directly affect the potential beneficiaries. A copy of the resolution or ordinance showing the adoption of the revised plan must be submitted to Commerce.

16. Reporting to Commerce and/or HUD

Because Commerce has ultimate responsibility for any Program Income retained and used, it must ensure that Program Income is used in a manner consistent with federal requirements (24 CFR 570.504 and 24 CFR 570.500(b)). **Subrecipients must submit to Commerce an annual Program Income Report** which details program income or RLF's (for the calendar year) by January 15th of the following year (unless otherwise directed by Commerce). Report forms are provided in Commerce's CDBG Management Handbook (or www.commerce.wa.gov). Commerce will report this information on Program Income annually to HUD.

In addition, the Subrecipient must provide details of any existing NSP properties that have been sold or additional properties purchased over that year and how continuing affordability requirements have been met.

Agreement

EVERETT CITY COUNCIL AGENDA ITEM COVER SHEET

#10

PROJECT TITLE:

Closeout Agreement with
Washington State Department
of Commerce for Neighborhood
Stabilization Program 1

12/30/15 Briefing
Consent
01/06/16 Action
First Reading
Second Reading
Third Reading
Public Hearing

COUNCIL BILL #

Originating Department Planning
Contact Person Jan Meston
Phone Number 425-257-7164
FOR AGENDA OF December 30, 2015

Initialed by:

Department Head

CAA

Council President

[Signature]

Location

Preceding Action

Attachments

Amendment No. 2

Department(s) Approval

Legal, Planning

Amount Budgeted	-0-	
Expenditure Required	-0-	Account Number(s):
Budget Remaining	-0-	
Additional Required	-0-	

DETAILED SUMMARY STATEMENT:

In 2009 the City signed agreement No. 08-F6401-004CA with the Washington State Department of Commerce for \$546,899 in Neighborhood Stabilization Program 1 (NSP1) funds to address the impacts of foreclosed-upon homes or properties. In 2009 the City sub-granted these funds to the Everett Housing Authority, which in turn sub-granted funds to 1) Washington Home of Your Own to purchase and rent four properties to low-income persons and 2) Parkview Services to provide down payment assistance to low-income persons to purchase two homes. All funds have been expended for these projects.

The attached document will close out the NSP1 agreement between the City and the state Department of Commerce. This Closeout Agreement includes Attachment A, a Closeout Performance Report for the program, and Attachment B, a Program Income Reuse Plan.

RECOMMENDATION:

Authorize the Mayor to sign the Closeout Agreement for the Neighborhood Stabilization Program 1 Agreement between the City and the Washington State Department of Commerce to address impacts of foreclosed-upon homes and properties.

*Council approved
01-06-16
J.P.P.*